GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:215
ANSWERED ON:27.02.2007
FOREIGN INVESTMENT IN SMALL SCALE INDUSTRIES
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Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a): the present norms regarding foreign investment in small scale industries;

(b): the details and number of proposals received during the last three years regarding foreign investment;

(c): whether the Government proposes to raise foreign investment ceiling in small scale industries;

(d): if so, the details therefore; and

(e): if not, the reasons therefore and reaction of the Government thereto?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a),(c),(d) and(e): In the first instance an entity, whether domestic or foreign, having no industrial interest, could invest up to 100% in the equity of a small scale industry (SSI). However, if the entity, whether domestic or foreign, had an industrial interest elsewhere, the movement its equity exceeded 24%, the resultant entity would lose the status of small scale industry. However, under the Micro, Small and Medium Enterprises Development

(MSMED) Act, 2006, the Government does not propose to provide for such limitation on the micro and small enterprises.

(b): There is neither any legal provision nor any mechanism for maintaining centrally the details and number of proposals of foreign investment in small scale industries.